

**CITY OF SAYRE, OKLAHOMA**  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITOR'S REPORTS**  
**JUNE 30, 2013**

# CITY OF SAYRE, OKLAHOMA

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JUNE 30, 2013

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## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and City Council  
City of Sayre, Oklahoma

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sayre, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Sayre, Oklahoma's basic financial statements as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not

for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sayre, Oklahoma, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sayre, Oklahoma's basic financial statements. The accompanying supplementary information such as the Combining and Individual Nonmajor Fund Financial Statements and Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Nonmajor Fund Financial Statements and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated December 10, 2013, on our consideration of City of Sayre, Oklahoma's, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Sayre, Oklahoma's internal control over financial reporting and compliance.



BRITTON, KUYKENDALL & MILLER  
Certified Public Accountants

Weatherford, Oklahoma  
December 10, 2013

**CITY OF SAYRE, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013  
(UNAUDITED)**

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Our discussion and analysis of the City of Sayre's financial performance provides an overview of the City's financial activities for the year ended June 30, 2013.

#### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

#### **Reporting the City as a Whole**

##### **The Statement of Net Position and the Statement of Activities**

Our financial analysis of the City as a whole begins at Table 1. One of the most important questions asked about the City's finances is, 'Is the City as a whole better off or worse off as result of the year's activities?' The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. You can think of the City's net position-the difference between assets and liabilities-as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's sales tax base and the condition of the City's roads, to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

Governmental activities - Most of the City's basic services are reported here, including those of the police, fire, general administration, and parks. Sales and other taxes, franchise fees, fines, and state and federal grants finance most of these activities.

Business-type activities - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer activities are reported here.

## Reporting the City's Most Significant Funds

### Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds-not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes (like the Street and Alley Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

Proprietary funds - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.



**CITY OF SAYRE, OKLAHOMA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2013**  
**(UNAUDITED)**

**THE CITY AS A WHOLE**

For the year ended June 30, net assets changed as follows:

**Table 1**  
**Summary of Net Position**

	Governmental Activities		Business-Type Activities		Totals		Amount Change
	2013	2012	2013	2012	2013	2012	
Current and Other Assets	\$ 767,855.00	\$ 502,339.99	\$ 5,588,011.52	\$ 5,900,137.18	\$ 6,355,866.52	\$ 6,402,477.17	\$ (46,610.65)
Capital Assets, Net	<u>3,145,407.23</u>	<u>2,954,419.00</u>	<u>9,684,070.73</u>	<u>8,345,701.80</u>	<u>12,829,477.96</u>	<u>11,300,120.80</u>	<u>1,529,357.16</u>
<b>Total Assets</b>	<b>\$ 3,913,262.23</b>	<b>\$ 3,456,758.99</b>	<b>\$ 15,272,082.25</b>	<b>\$ 14,245,838.98</b>	<b>\$ 19,185,344.48</b>	<b>\$ 17,702,597.97</b>	<b>\$ 1,482,746.51</b>
Current Liabilities	\$ 44,611.53	\$ 34,013.36	\$ 607,569.26	\$ 171,518.31	\$ 652,180.79	\$ 205,531.67	\$ 446,649.12
Long-Term Liabilities	<u>0.00</u>	<u>0.00</u>	<u>2,397,992.44</u>	<u>2,435,885.62</u>	<u>2,397,992.44</u>	<u>2,435,885.62</u>	<u>(37,893.18)</u>
<b>Total Liabilities</b>	<b>44,611.53</b>	<b>34,013.36</b>	<b>3,005,561.70</b>	<b>2,607,403.93</b>	<b>3,050,173.23</b>	<b>2,641,417.29</b>	<b>408,755.94</b>
Net Position:							
Invested in Capital Assets,							
Net of Related Debt	2,906,153.95	2,954,419.00	7,247,775.47	5,872,276.29	10,153,929.42	8,826,695.29	1,327,234.13
Restricted	517,674.68	227,502.28	16,791.16	16,757.62	534,465.84	244,259.90	290,205.94
Unrestricted	<u>444,822.07</u>	<u>240,824.35</u>	<u>5,001,953.92</u>	<u>5,749,401.14</u>	<u>5,446,775.99</u>	<u>5,990,225.49</u>	<u>(543,449.50)</u>
<b>Total Net Position</b>	<b>3,868,650.70</b>	<b>3,422,745.63</b>	<b>12,266,520.55</b>	<b>11,638,435.05</b>	<b>16,135,171.25</b>	<b>15,061,180.68</b>	<b>1,073,990.57</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 3,913,262.23</b>	<b>\$ 3,456,758.99</b>	<b>\$ 15,272,082.25</b>	<b>\$ 14,245,838.98</b>	<b>\$ 19,185,344.48</b>	<b>\$ 17,702,597.97</b>	<b>\$ 1,482,746.51</b>

**Net Position**

The City reported positive balances in the net position for both governmental and business-type activities. Net position increased \$445,905.07 for governmental activities and increased \$628,085.50 for business-type activities. The City's overall financial position improved during fiscal year 2013.

**Governmental Activities**

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Some of the individual line item revenues reported for each function are:

**CITY OF SAYRE, OKLAHOMA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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General government - Permits, rebates, refunds and other miscellaneous charges. Grants for street projects are included in capital grants and contributions.

Public Safety - Police fines, fire runs and animal control fees are classified as charges for services.

Culture and Recreation - Park facilities usage fees and sale of cemetery lots are charges for services.

Sanitation and Utilities - Garbage disposal and cleanup fees are categorized as charges for services.

All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

**Business-type Activities**

In reviewing the net expense/revenue, the Public Works Authority showed that it is performing efficiently. The operating income was \$300,775.18. Careful monitoring of the operating expenses and continued growth in water, sewer and garbage sales created this positive outcome last year.

**THE CITY'S FUNDS**

The following table presents a summary of the City's changes in net position for the fiscal year ended June 30, and the amount of increases and decreases in relation to the prior year. Comparative data is accumulated and presented to assist analysis.

Table 2  
Summary of Changes in Net Position

Revenues	Governmental Activities		Business-Type Activities		Totals		Amount Change
	2013	2012	2013	2012	2013	2012	
Program Revenues:							
Charges for Services	\$ 203,083.91	\$ 187,941.09	\$ 2,069,577.44	\$ 2,298,807.95	\$ 2,272,661.35	\$ 2,486,749.04	\$ (214,087.69)
Operating Grants & Contributions	0.00	9,306.10	0.00	1,289.00	0.00	10,595.10	(10,595.10)
Capital Grants & Contributions	724,452.16	740,130.56	476,044.00	41,578.00	1,200,496.16	781,708.56	418,787.60
General Revenues:					0.00	0.00	0.00
Sales Tax	1,445,464.01	1,273,333.35	0.00	0.00	1,445,464.01	1,273,333.35	172,130.66
Use Tax	164,332.63	186,844.79	0.00	0.00	164,332.63	186,844.79	(22,512.16)
Franchise Tax	103,210.72	123,808.06	0.00	0.00	103,210.72	123,808.06	(20,597.34)
Other Taxes	157,833.59	160,429.53	0.00	0.00	157,833.59	160,429.53	(2,595.94)
Interest Income	1,275.94	2,299.85	23,204.97	36,905.64	24,480.91	39,205.49	(14,724.58)
Donations	500.00	0.00	55,450.00	0.00	55,950.00	0.00	55,950.00
Oil & Gas Royalty Income	0.00	0.00	51.55	1,101.91	51.55	1,101.91	(1,050.36)
Impact Fee	0.00	0.00	600,000.00	884,000.00	600,000.00	884,000.00	(284,000.00)
Gain on Sale of Assets	0.00	0.00	0.00	(362,764.13)	0.00	(362,764.13)	362,764.13
Miscellaneous	0.00	0.00	66,298.65	0.00	66,298.65	0.00	66,298.65
Total Revenues	2,800,152.96	2,684,093.33	3,290,626.61	2,900,918.37	6,090,779.57	5,585,011.70	505,767.87

**CITY OF SAYRE, OKLAHOMA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**(UNAUDITED)**

	Governmental Activities		Business-Type Activities		Totals		Amount
	2013	2012	2013	2012	2013	2012	Change
<u>Expenses</u>							
General Government	\$ 519,256.21	\$ 435,338.39	\$ 0.00	\$ 0.00	\$ 519,256.21	\$ 435,338.39	\$ 83,917.82
Public Safety	946,099.71	923,238.72	0.00	0.00	946,099.71	923,238.72	22,860.99
Economic Development	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Culture and Recreation	258,979.93	262,127.31	0.00	0.00	258,979.93	262,127.31	(3,147.38)
Sanitation, Utilities and Other Services	241,186.54	419,610.08	0.00	0.00	241,186.54	419,610.08	(178,423.54)
Industrial	0.00	0.00	1,232,783.38	298,088.76	1,232,783.38	298,088.76	934,694.62
Water Utilities	0.00	0.00	1,754,347.58	1,513,624.11	1,754,347.58	1,513,624.11	240,723.47
Airport	0.00	0.00	64,135.65	40,257.33	64,135.65	40,257.33	23,878.32
Total Expenses	<u>1,965,522.39</u>	<u>2,040,314.50</u>	<u>3,051,266.61</u>	<u>1,851,970.20</u>	<u>5,016,789.00</u>	<u>3,892,284.70</u>	<u>1,124,504.30</u>
Excess of Revenues Over (Under)							
Expenses	<u>834,630.57</u>	<u>643,778.83</u>	<u>239,360.00</u>	<u>1,048,948.17</u>	<u>1,073,990.57</u>	<u>1,692,727.00</u>	<u>(618,736.43)</u>
<u>Other Financing Sources (Uses)</u>							
Operating Transfers In (Out)	<u>(388,725.50)</u>	<u>(590,213.00)</u>	<u>388,725.50</u>	<u>590,213.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Other Financing Sources (Uses)	<u>(388,725.50)</u>	<u>(590,213.00)</u>	<u>388,725.50</u>	<u>590,213.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Change in Net Position	445,905.07	53,565.83	628,085.50	1,639,161.17	1,073,990.57	1,692,727.00	(618,736.43)
Net Position, Beginning of Year	<u>3,422,745.63</u>	<u>3,369,179.80</u>	<u>11,638,435.05</u>	<u>9,999,273.88</u>	<u>15,061,180.68</u>	<u>13,368,453.68</u>	<u>1,692,727.00</u>
Net Position, End of Year	<u>\$ 3,868,650.70</u>	<u>\$ 3,422,745.63</u>	<u>\$ 12,266,520.55</u>	<u>\$ 11,638,435.05</u>	<u>\$ 16,135,171.25</u>	<u>\$ 15,061,180.68</u>	<u>\$ 1,073,990.57</u>

Total revenues increased by \$505,767.87 compared to the prior year. This was due in part to the increase in oil and gas production in the area resulting in higher sales taxes received, and increased grant activity. One major downside to note for revenues for the year was that the North Fork Correctional Facility was not at full capacity for much of the year, which resulted in impact fee revenue decreasing from \$884,000.00 to 600,000.00.

The City received several grants in 2012-2013 which included a OHSO Incentive award grant of \$3,695.81 for police equipment, a Department of Agriculture forestry grant of \$4,484.35 for fire equipment, a OWRB grant of \$88,293.50 for water well drilling, a Stimulus Community Development Block Grant of \$388,725.50 for water and wastewater improvements, a Public Works and Economic Development Act of 1965 grant of \$239,253.00 for water system improvements and industrial park access road, a Airport Improvement Program grant of \$14,382.00 for engineering airport improvements, and another Airport Improvement Program grant of \$461,662.00 for rehabilitating the runway lights, runway markings, installing a security fence, and a hangar access road.

Total expenditures increased by \$1,124,504.30. Governmental activities expenses decreased by \$74,792.11. The increase in overall business-type activities expenses of \$1,199,296.41 was largely due to paying out economic development incentives in the industrial authority.

**CITY OF SAYRE, OKLAHOMA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2013**  
**(UNAUDITED)**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Actual general fund revenues were \$215,016.78 less than budgeted, and expenditures were \$458,867.26 less than budgeted.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 30, 2013, the City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities totaled \$3,145,407.23 and \$9,496,691.02, respectively. The City's investment in capital assets includes police and fire equipment, buildings, park facilities, roads, and water and sewer lines. The City purchased \$163,175.08 in capital assets for governmental activities and \$1,637,933.13 in capital assets for business-type activities during the year ended June 30, 2013. The following table shows an analysis of the capital assets at June 30, 2013:

Table 3  
Capital Assets at Year-End

	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
<b>Governmental Activities:</b>					
Other Capital Assets	\$ 4,513,273.00	\$ 163,175.08	\$ 22,765.00	\$ 0.00	\$ 4,653,683.08
Less: Accumulated Depreciation	<u>1,930,505.00</u>	<u>209,442.63</u>	<u>20,767.50</u>	<u>0.00</u>	<u>2,119,180.13</u>
Other Capital Assets, Net of Depreciation	2,582,768.00	(46,267.55)	1,997.50	0.00	2,534,502.95
Land	371,651.00	0.00	0.00	0.00	371,651.00
Construction in Progress	<u>0.00</u>	<u>239,253.28</u>	<u>0.00</u>	<u>0.00</u>	<u>239,253.28</u>
Total Capital Assets at Net	<u>\$ 2,954,419.00</u>	<u>\$ 192,985.73</u>	<u>\$ 1,997.50</u>	<u>\$ 0.00</u>	<u>\$ 3,145,407.23</u>
<b>Business-Type Activities:</b>					
Other Capital Assets	\$ 10,566,449.8	\$ 1,637,933.13	\$ 0.00	\$ 165,113.99	\$ 12,369,496.9
Less: Accumulated Depreciation	<u>3,613,843.00</u>	<u>486,943.91</u>	<u>0.00</u>	<u>0.00</u>	<u>4,100,786.91</u>
Other Capital Assets, Net of Depreciation	6,952,606.80	1,150,989.22	0.00	165,113.99	8,268,710.01
Land	550,210.00	0.00	0.00	237,295.25	787,505.25
Construction in Progress	<u>842,885.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(402,409.24)</u>	<u>440,475.76</u>
Total Capital Assets at Net	<u>\$ 8,345,701.80</u>	<u>\$ 1,150,989.22</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 9,496,691.02</u>

**CITY OF SAYRE, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013  
(UNAUDITED)**

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This year's major capital asset additions for governmental activities included the following:

Animal Shelter	\$ 37,729.52
Concession Stand	49,205.45
2013 Ford Taurus	24,849.13
John Deere F1545 Diesel Front Mower	14,000.00

This year's major capital asset additions for business-type activities included the following:

City Hall Improvements	\$ 38,642.54
50 - 3 Yard Sideload Trash Dumpsters	23,350.00
Rebuild Roof on Baler	34,000.00
2012 Ford F250 4x4 Pickup	25,551.00
John Deere F1545 Diesel Front Mower	14,000.00
Building Improvements	63,502.93
Waterlines	381,803.60
Industrial Park Development	488,446.52
Paving Improvements	167,022.48
Airport Improvements	61,032.36
Water Storage Tank	122,646.15
2013 Ford F250 Pickup	25,720.00

### **Debt**

At June 30, 2013, the City had \$686,143.26 in outstanding notes payable compared to \$723,273.51 in the prior year.

City obligations at June 30, 2013 include notes payable to the Department of Commerce for \$181,985.02 obtained originally for landfill and water system improvements; and a note payable to the First National Bank for \$504,158.24 obtained to construct a new health department.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The 2013-2014 budget will present several challenges. The City departments must prepare a five year plan for improvement of equipment and infrastructure. Increased fuel and utility costs must be planned for in the 2013-2014 budget as costs continue to escalate. Due to competition for employees from the oil and gas industries, the budget must provide for a modest increase in salaries and wages for 2013-2014.

Much of the City's equipment is in need of replacement. Upgrades must be planned for in the 2013-2014 budget.

A slight increase in water rates, tied to the Oklahoma Consumer Price Index, will be needed to keep revenue in line with the economic condition of the State.

A huge push should be made to provide affordable housing. Funds to ignite this area need to be provided for in the budget, as housing is the key to our growth. If companies providing hundreds of jobs are attracted, but there is no housing, workers will live in other towns and spend their paychecks in places other than Sayre.

Continued economic development efforts need to be made to bring retail businesses to Sayre and bolster our sales tax revenue. Funds and plans need to be provided to improve the recreation area of the Rotary Park and continue to improve Bonebrake Family Park.

With the support of the Mayor and City Council and the hard work of the City's employees, we can move the City of Sayre forward.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Office at 102 W. Main, Sayre, Oklahoma.

Guy Hylton, City Manager

City of Sayre, Oklahoma  
Statement of Net Position  
As of June 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 539,016.21	\$ 3,969,997.31	\$ 4,509,013.52
Certificates of Deposit	6,300.00	197,724.75	204,024.75
Accounts Receivable, Net	11,698.14	664,216.05	675,914.19
Due from (to) Other Funds	86,819.75	(86,819.75)	0.00
Due from Other Governments	124,020.90	0.00	124,020.90
Prepaid Expenses	0.00	0.00	0.00
Restricted Cash and Cash Equivalents	0.00	16,791.16	16,791.16
Notes Receivable	0.00	36,978.00	36,978.00
Investments	0.00	789,124.00	789,124.00
Investments in Real Estate	0.00	187,379.71	187,379.71
Capital Assets:			
Land	371,651.00	787,505.25	1,159,156.25
Construction in Progress	239,253.28	440,475.76	679,729.04
Other Capital Assets, Net of Depreciation	<u>2,534,502.95</u>	<u>8,268,710.01</u>	<u>10,803,212.96</u>
 Total Assets	 \$ <u>3,913,262.23</u>	 \$ <u>15,272,082.25</u>	 \$ <u>19,185,344.48</u>
<b><u>LIABILITIES</u></b>			
Accounts Payable and Accrued Expenses	\$ 44,611.53	\$ 569,266.44	\$ 613,877.97
Current Portion of Long-Term Debt	0.00	38,302.82	38,302.82
Long-Term Portion of Debt	<u>0.00</u>	<u>2,397,992.44</u>	<u>2,397,992.44</u>
 Total Liabilities	 <u>44,611.53</u>	 <u>3,005,561.70</u>	 <u>3,050,173.23</u>
<b><u>NET POSITION</u></b>			
Invested in Capital Assets, Net of Related Debt	2,906,153.95	7,247,775.47	10,153,929.42
Restricted	517,674.68	16,791.16	534,465.84
Unrestricted	<u>444,822.07</u>	<u>5,001,953.92</u>	<u>5,446,775.99</u>
 Total Net Position	 <u>3,868,650.70</u>	 <u>12,266,520.55</u>	 <u>16,135,171.25</u>
 Total Liabilities and Net Position	 \$ <u>3,913,262.23</u>	 \$ <u>15,272,082.25</u>	 \$ <u>19,185,344.48</u>

The accompanying notes to financial statements are an integral part of this statement.

City of Sayre, Oklahoma  
Statement of Activities and Changes in Net Position  
For the year ended June 30, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-Type Activities
Governmental Activities:						
General Government	\$ 519,256.21	\$ 77,018.31	\$ 0.00	\$ 0.00	\$ (442,237.90)	\$ (442,237.90)
Public Safety	946,099.71	78,421.86	0.00	8,180.16	(859,497.69)	(859,497.69)
Economic Development	0.00	0.00	0.00	0.00	0.00	0.00
Culture and Recreation	258,979.93	25,729.68	0.00	0.00	(233,250.25)	(233,250.25)
Sanitation, Utilities and Other Services	241,186.54	21,914.06	0.00	716,272.00	496,999.52	496,999.52
Total Governmental Activities	1,965,522.39	203,083.91	0.00	724,452.16	(1,037,986.32)	(1,037,986.32)
Business-Type Activities:						
Industrial	1,232,783.38	44,352.68	0.00	0.00	0.00	(1,188,430.70)
Water Utilities	1,754,347.58	2,003,234.76	0.00	0.00	248,887.18	248,887.18
Airport	64,135.65	21,990.00	0.00	476,044.00	0.00	433,898.35
Total Business-Type Activities	3,051,266.61	2,069,577.44	0.00	476,044.00	0.00	(505,645.17)
Total Activities	5,016,789.00	2,272,661.35	0.00	1,200,496.16	(1,037,986.32)	(1,543,631.49)
General Revenues:						
Taxes:						
Sales Tax					1,445,464.01	1,445,464.01
Use Tax					164,332.63	164,332.63
Franchise Tax					103,210.72	103,210.72
Other Taxes					157,833.59	157,833.59
Interest Income					1,275.94	23,204.97
Donations					500.00	55,450.00
Oil & Gas Royalty Income					0.00	51.55
Impact Fee					0.00	600,000.00
Miscellaneous Income					0.00	66,298.65
Gain on Sale of Assets					0.00	0.00
Transfers In (Out)					(388,725.50)	388,725.50
Total General Revenues and Transfers					1,483,891.39	1,133,730.67
Change in Net Position					445,905.07	628,085.50
Net Position - Beginning of Year					3,422,745.63	11,638,435.05
Net Position - End of Year					\$ 3,868,650.70	\$ 12,266,520.55
						\$ 16,135,171.25

The accompanying notes to financial statements are an integral part of this statement.



City of Sayre, Oklahoma  
Combined Balance Sheet  
Governmental Funds  
June 30, 2013

	General Fund	CDBG Grant Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 252,953.11	\$ 13,170.81	\$ 272,892.29	\$ 539,016.21
Certificates of Deposit	0.00	0.00	6,300.00	6,300.00
Accounts Receivable	11,698.14	0.00	0.00	11,698.14
Prepaid Expenses	0.00	0.00	0.00	0.00
Due from Other Funds	84,280.27	0.00	2,539.48	86,819.75
Due from Other Governments	124,020.90	0.00	0.00	124,020.90
Construction in Progress	0.00	239,253.28	0.00	239,253.28
Total Assets	<u>\$ 472,952.42</u>	<u>\$ 252,424.09</u>	<u>\$ 281,731.77</u>	<u>\$ 1,007,108.28</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 41,955.14	\$ 0.00	\$ 2,656.39	\$ 44,611.53
Total Liabilities	<u>41,955.14</u>	<u>0.00</u>	<u>2,656.39</u>	<u>44,611.53</u>
<u>FUND BALANCES</u>				
Nonspendable:				
Prepaid Expenses	0.00	0.00	0.00	0.00
Restricted for:				
Street and Alley	0.00	0.00	70,400.43	70,400.43
Debt Service	0.00	0.00	319.02	319.02
911 Program	0.00	0.00	172,341.65	172,341.65
Cemetery	0.00	0.00	22,189.49	22,189.49
Grants	0.00	252,424.09	0.00	252,424.09
Committed to:				
Debt Service	0.00	0.00	0.00	0.00
Assigned to:				
Payroll Costs	0.00	0.00	4,873.68	4,873.68
Employee Health Costs	0.00	0.00	8,951.11	8,951.11
Unassigned:	430,997.28	0.00	0.00	430,997.28
Total Fund Balances	<u>430,997.28</u>	<u>252,424.09</u>	<u>279,075.38</u>	<u>962,496.75</u>
Total Liabilities and Fund Balances	<u>\$ 472,952.42</u>	<u>\$ 252,424.09</u>	<u>\$ 281,731.77</u>	<u>\$ 1,007,108.28</u>

The accompanying notes to financial statements are an integral part of this statement.

City of Sayre, Oklahoma  
Reconciliation of the Balance Sheet of  
Governmental Funds to the Statement of Net Position  
June 30, 2013

Total fund balance - total governmental funds	\$ 962,496.75
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of \$5,025,334.08, net of accumulated depreciation of \$(2,119,180.13), are not financial resources and therefore are not reported in the funds.	2,906,153.95
	<hr/>
Net position of governmental activities	\$ <u><u>3,868,650.70</u></u>

The accompanying notes to financial statements are an integral part of this statement.

City of Sayre, Oklahoma  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the year ended June 30, 2013

	General Fund	CDBG Grant Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Sales Tax	\$ 1,445,464.01	\$ 0.00	\$ 0.00	\$ 1,445,464.01
Franchise Tax	103,210.72	0.00	0.00	103,210.72
Alcoholic Beverage Tax	28,302.33	0.00	0.00	28,302.33
Use Tax	164,332.63	0.00	0.00	164,332.63
Cigar Tax	24,894.02	0.00	0.00	24,894.02
Fuel Tax	0.00	0.00	39,137.24	39,137.24
Grant Revenue	96,473.66	627,978.50	0.00	724,452.16
Donations	500.00	0.00	0.00	500.00
License, Fees & Permits	23,527.03	0.00	0.00	23,527.03
Park Revenue	9,631.68	0.00	0.00	9,631.68
Cemetery Revenue	8,770.00	0.00	0.00	8,770.00
Disposal and Service Revenue	0.00	0.00	0.00	0.00
Library Fees, Fines	13,698.00	0.00	0.00	13,698.00
Police Fines & Court Fees	54,352.83	0.00	0.00	54,352.83
Sales of Assets	0.00	0.00	0.00	0.00
Refunds and Reimbursements	0.00	0.00	55,260.00	55,260.00
Rentals	21,758.31	0.00	0.00	21,758.31
Interest Income	1,275.94	0.00	0.00	1,275.94
Hotel/Motel Tax	65,500.00	0.00	0.00	65,500.00
Animal Control Fees	542.00	0.00	0.00	542.00
Community Center Fees	2,400.00	0.00	0.00	2,400.00
Miscellaneous Sales and Service	13,144.06	0.00	0.00	13,144.06
Total Revenues	<u>2,077,777.22</u>	<u>627,978.50</u>	<u>94,397.24</u>	<u>2,800,152.96</u>
<u>Expenditures:</u>				
Personal Service:				
City Administration	206,481.01	0.00	0.00	206,481.01
Police	576,308.05	0.00	0.00	576,308.05
Fire	76,063.68	0.00	0.00	76,063.68
City Inspector	53,888.79	0.00	0.00	53,888.79
Animal Control	29,727.21	0.00	0.00	29,727.21
Development Coordinator	0.00	0.00	0.00	0.00
Street	84,738.14	0.00	0.00	84,738.14
Park	65,943.45	0.00	0.00	65,943.45
Library	35,510.32	0.00	0.00	35,510.32
General Government	67,368.56	0.00	0.00	67,368.56
Total Personal Service	<u>1,196,029.21</u>	<u>0.00</u>	<u>0.00</u>	<u>1,196,029.21</u>

The accompanying notes to financial statements are an integral part of this statement.

City of Sayre, Oklahoma  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the year ended June 30, 2013

	General Fund	CDBG Grant Fund	Other Governmental Funds	Total Governmental Funds
<u>Expenditures:</u>				
Maintenance and Operations:				
City Administration	\$ 13,947.32	\$ 0.00	\$ 0.00	\$ 13,947.32
City Attorney	14,741.25	0.00	0.00	14,741.25
City Judge	6,000.00	0.00	0.00	6,000.00
Police	65,016.90	0.00	0.00	65,016.90
Fire	40,043.90	0.00	0.00	40,043.90
City Inspector	9,448.27	0.00	0.00	9,448.27
Animal Control	8,068.81	0.00	0.00	8,068.81
Development Coordinator	0.00	0.00	0.00	0.00
Street	116,969.57	0.00	37,186.35	154,155.92
Park	47,716.45	0.00	0.00	47,716.45
Golf Course	30,208.68	0.00	0.00	30,208.68
Library	33,559.75	0.00	0.00	33,559.75
Department of Corrections	6,182.18	0.00	0.00	6,182.18
Senior Citizens	6,132.56	0.00	0.00	6,132.56
Cemetery	2,185.64	0.00	0.00	2,185.64
Museum	3,000.00	0.00	0.00	3,000.00
General Government	71,501.17	0.00	46,144.25	117,645.42
Total Maintenance and Operations	474,722.45	0.00	83,330.60	558,053.05
Capital Outlay:				
City Administration	0.00	0.00	0.00	0.00
Police	26,503.68	0.00	0.00	26,503.68
Fire	5,882.54	0.00	0.00	5,882.54
Animal Control	29,017.96	0.00	0.00	29,017.96
Street	38,493.67	0.00	0.00	38,493.67
Park	59,957.94	0.00	0.00	59,957.94
Library	3,319.29	0.00	0.00	3,319.29
General Government	0.00	0.00	0.00	0.00
Total Capital Outlay	163,175.08	0.00	0.00	163,175.08
Total Expenditures	1,833,926.74	0.00	83,330.60	1,917,257.34
Excess of Revenues Over (Under) Expenditures	243,850.48	627,978.50	11,066.64	882,895.62
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In (Out)	0.00	(388,725.50)	0.00	(388,725.50)
Net Change in Fund Balances	243,850.48	239,253.00	11,066.64	494,170.12
Fund Balance, Beginning of Year	187,146.80	13,171.09	268,008.74	468,326.63
Fund Balance, End of Year	\$ 430,997.28	\$ 252,424.09	\$ 279,075.38	\$ 962,496.75

The accompanying notes to financial statements are an integral part of this statement.

City of Sayre, Oklahoma  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balances of Governmental Funds to the Statement of Activities and Changes in Net Position  
 For the year ended June 30, 2013

Net change in fund balances - total governmental funds	\$ 494,170.12
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This amount is the difference between capital outlays \$163,175.08, asset retirements (\$1,997.50), and depreciation (\$209,442.63) in the current period.	<u>(48,265.05)</u>
Change in net position of governmental activities	\$ <u>445,905.07</u>

The accompanying notes to financial statements are an integral part of this statement.

City of Sayre, Oklahoma  
Statement of Net Position  
Proprietary Funds  
June 30, 2013

<u>ASSETS</u>	Industrial Authority	Public Works Authority	Airport Authority	Total Enterprise Funds
Current Assets:				
Cash and Cash Equivalents	\$ 2,203,249.16	\$ 1,682,595.33	\$ 84,152.82	\$ 3,969,997.31
Certificates of Deposit	30,662.73	167,062.02	0.00	197,724.75
Accounts Receivable, Net	436,119.79	226,316.26	1,780.00	664,216.05
Due from other Funds	453.40	0.00	0.00	453.40
Total Current Assets	<u>2,670,485.08</u>	<u>2,075,973.61</u>	<u>85,932.82</u>	<u>4,832,391.51</u>
Restricted Cash and Cash Equivalents	0.00	16,791.16	0.00	16,791.16
Notes Receivable	174,141.88	36,978.00	(174,141.88)	36,978.00
Investment in ALFA	0.00	789,124.00	0.00	789,124.00
Investments in Real Estate	187,379.71	0.00	0.00	187,379.71
Capital Assets:				
Land	704,061.25	83,444.00	0.00	787,505.25
Construction in Progress	440,475.76	0.00	0.00	440,475.76
Other Capital Assets, Net of Depreciation	3,281,201.96	3,830,808.67	1,156,699.38	8,268,710.01
Total Non-Current Assets	<u>4,787,260.56</u>	<u>4,757,145.83</u>	<u>982,557.50</u>	<u>10,526,963.89</u>
Total Assets	<u>\$ 7,457,745.64</u>	<u>\$ 6,833,119.44</u>	<u>\$ 1,068,490.32</u>	<u>\$ 15,359,355.40</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	\$ 445,538.01	\$ 37,126.39	\$ 247.50	\$ 482,911.90
Due to Other Funds	0.00	87,273.15	0.00	87,273.15
Deposits Payable	0.00	86,354.54	0.00	86,354.54
Current Portion of Long-Term Debt	17,927.78	20,375.04	0.00	38,302.82
Total Current Liabilities	<u>463,465.79</u>	<u>231,129.12</u>	<u>247.50</u>	<u>694,842.41</u>
Noncurrent Liabilities:				
Long-Term Debt (Net of Current Portion)	486,230.46	1,911,761.98	0.00	2,397,992.44
Total Noncurrent Liabilities	<u>486,230.46</u>	<u>1,911,761.98</u>	<u>0.00</u>	<u>2,397,992.44</u>
Total Liabilities	<u>949,696.25</u>	<u>2,142,891.10</u>	<u>247.50</u>	<u>3,092,834.85</u>
<u>NET POSITION</u>				
Invested in Capital Assets, Net of Related Debt	4,108,960.44	1,982,115.65	1,156,699.38	7,247,775.47
Restricted	0.00	16,791.16	0.00	16,791.16
Unrestricted	2,399,088.95	2,691,321.53	(88,456.56)	5,001,953.92
Total Net Position	<u>6,508,049.39</u>	<u>4,690,228.34</u>	<u>1,068,242.82</u>	<u>12,266,520.55</u>
Total Liabilities and Net Position	<u>\$ 7,457,745.64</u>	<u>\$ 6,833,119.44</u>	<u>\$ 1,068,490.32</u>	<u>\$ 15,359,355.40</u>

The accompanying notes to financial statements are an integral part of this statement.

City of Sayre, Oklahoma  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the year ended June 30, 2013

	Industrial Authority	Public Works Authority	Airport Authority	Total Enterprise Funds
Operating Revenues:				
Water Service	\$ 0.00	\$ 1,118,475.99	\$ 0.00	\$ 1,118,475.99
Sewer Service	0.00	290,427.11	0.00	290,427.11
Garbage Service	0.00	497,735.44	0.00	497,735.44
Rental Income	44,220.08	3,600.00	21,190.00	69,010.08
Ambulance Service	0.00	91,890.86	0.00	91,890.86
Other Income	132.60	1,105.36	800.00	2,037.96
Total Operating Revenues	<u>44,352.68</u>	<u>2,003,234.76</u>	<u>21,990.00</u>	<u>2,069,577.44</u>
Operating Expenses:				
Personal Services	60,432.53	647,314.28	0.00	707,746.81
Supplies and Repairs	116,314.37	727,411.98	8,960.05	852,686.40
Insurance Expense	7,405.48	28,851.14	0.00	36,256.62
Depreciation	132,886.13	298,882.18	55,175.60	486,943.91
Total Operating Expenses	<u>317,038.51</u>	<u>1,702,459.58</u>	<u>64,135.65</u>	<u>2,083,633.74</u>
Operating Income (Loss)	(272,685.83)	300,775.18	(42,145.65)	(14,056.30)
Non-Operating Revenues (Expenses):				
Interest Income	15,066.76	7,986.29	151.92	23,204.97
Impact Fee	600,000.00	0.00	0.00	600,000.00
Donations	55,450.00	0.00	0.00	55,450.00
Oil and Gas Revenue	0.00	51.55	0.00	51.55
Miscellaneous Income	0.00	66,298.65	0.00	66,298.65
Gain or (Loss) on Sale of Assets	0.00	0.00	0.00	0.00
Grant Revenue	0.00	0.00	476,044.00	476,044.00
Local Grant Allocations	(42,500.00)	0.00	0.00	(42,500.00)
Economic Development Incentive	(850,000.00)	0.00	0.00	(850,000.00)
Bad Debt Expense	0.00	0.00	0.00	0.00
Interest Expense	(23,244.87)	0.00	0.00	(23,244.87)
Landfill Closure/Postclosure	0.00	(51,888.00)	0.00	(51,888.00)
Total Non-Operating Revenues (Expenses)	<u>(245,228.11)</u>	<u>22,448.49</u>	<u>476,195.92</u>	<u>253,416.30</u>
Income (Loss) before Operating Transfers	(517,913.94)	323,223.67	434,050.27	239,360.00
Operating Transfers In (Out)	<u>388,725.50</u>	<u>0.00</u>	<u>0.00</u>	<u>388,725.50</u>
Change in Net Position	(129,188.44)	323,223.67	434,050.27	628,085.50
Net Position - Beginning of Year	<u>6,637,237.83</u>	<u>4,367,004.67</u>	<u>634,192.55</u>	<u>11,638,435.05</u>
Net Position - End of Year	<u>\$ 6,508,049.39</u>	<u>\$ 4,690,228.34</u>	<u>\$ 1,068,242.82</u>	<u>\$ 12,266,520.55</u>

The accompanying notes to financial statements are an integral part of this statement.

City of Sayre, Oklahoma  
Statement of Cash Flows  
Proprietary Funds  
For the year ended June 30, 2013

	Industrial Authority	Public Works Authority	Airport Authority	Total Enterprise Funds
<u>Cash Flows From Operating Activities:</u>				
Cash Received From Customers	\$ 44,352.68	\$ 1,962,721.02	\$ 22,120.00	\$ 2,029,193.70
Cash Paid For Operations	(117,965.26)	(766,909.48)	(14,712.55)	(899,587.29)
Cash Paid to Employees	(60,432.53)	(647,314.28)	0.00	(707,746.81)
Net Cash Provided From Operations	(134,045.11)	548,497.26	7,407.45	421,859.60
<u>Cash Flows From Non-Capital Investing Activities:</u>				
Oil and Gas Revenues	0.00	51.55	0.00	51.55
Miscellaneous Income	0.00	66,298.65	0.00	66,298.65
Local Grant Allocations	(42,500.00)	0.00	0.00	(42,500.00)
Economic Development Incentives	(850,000.00)	0.00	0.00	(850,000.00)
Grant Revenue	0.00	0.00	476,044.00	476,044.00
Impact Fee	600,000.00	0.00	0.00	600,000.00
Donations	55,450.00	0.00	0.00	55,450.00
Operating Transfer In (Out)	388,725.50	0.00	0.00	388,725.50
Net Cash Flows-Investing Activities	151,675.50	66,350.20	476,044.00	694,069.70
<u>Cash Flows From Capital and Related Financing Activities:</u>				
Principal paid on long-term debt	(16,755.21)	(20,375.04)	0.00	(37,130.25)
Payments of interest on long-term debt	(23,244.87)	0.00	0.00	(23,244.87)
Proceeds from Utility Deposits	0.00	9,812.50	0.00	9,812.50
Proceeds from Loans from other funds	0.00	87,273.15	0.00	87,273.15
Proceeds from sale of assets	0.00	0.00	0.00	0.00
Proceeds from Notes Receivable	50,000.00	6,250.08	0.00	56,250.08
Payments for Loans to other funds	(453.40)	0.00	0.00	(453.40)
Payments for Notes Receivable	0.00	0.00	0.00	0.00
Payments for capital assets	(1,152,065.82)	(193,098.02)	(480,149.00)	(1,825,312.84)
Net Cash Flows-Financing Activities	(1,142,519.30)	(110,137.33)	(480,149.00)	(1,732,805.63)
<u>Cash Flows from Investing Activities</u>				
Purchase of Certificates of Deposit	(137.64)	(104,426.95)	0.00	(104,564.59)
Purchase of Investment in ALFA	0.00	(19,971.00)	0.00	(19,971.00)
Interest Income	15,066.76	7,986.29	151.92	23,204.97
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	14,929.12	(116,411.66)	151.92	(101,330.62)
Net Increase (Decrease) in Cash	(1,109,959.79)	388,298.47	3,454.37	(718,206.95)
Cash at Beginning of Year	3,313,208.95	1,311,088.02	80,698.45	4,704,995.42
Cash at End of Year	\$ 2,203,249.16	\$ 1,699,386.49	\$ 84,152.82	\$ 3,986,788.47

The accompanying notes to financial statements are an integral part of this statement.



City of Sayre, Oklahoma  
Statement of Cash Flows  
Proprietary Funds  
For the year ended June 30, 2013

	<u>Industrial Authority</u>	<u>Public Works Authority</u>	<u>Airport Authority</u>	<u>Enterprise Fund</u>
Reconciliation of Net Income to Net Cash Provided from Operations:				
Operating Income	\$ (272,685.83)	\$ 300,775.18	\$ (42,145.65)	\$ (14,056.30)
Adjustments:				
Depreciation	132,886.13	298,882.18	55,175.60	486,943.91
(Increase) Decrease in:				
Accounts Receivable	0.00	(40,513.74)	130.00	(40,383.74)
Increase (Decrease) in:				
Accounts Payable	<u>5,754.59</u>	<u>(10,646.36)</u>	<u>(5,752.50)</u>	<u>(10,644.27)</u>
Net Cash Provided From Operations	<u>\$ (134,045.11)</u>	<u>\$ 548,497.26</u>	<u>\$ 7,407.45</u>	<u>\$ 421,859.60</u>

The accompanying notes to financial statements are an integral part of this statement.

City of Sayre, Oklahoma  
Statement of Fiduciary Net Assets  
Sayre Memorial Hospital Authority  
June 30, 2013

ASSETS

Cash and Investments	\$ 1,662,905.97
Due from Other Governments	40,462.20
Property, Plant and Equipment, Net	<u>10,894,224.91</u>
Total Assets	<u>12,597,593.08</u>

LIABILITIES AND FUND EQUITY

LIABILITIES:

Accrued Payables	389,581.50
Bond Premium	285,618.08
Bonds Payable	<u>13,135,000.00</u>
Total Liabilities	<u>13,810,199.58</u>

NET ASSETS (DEFICIT)	<u>\$ (1,212,606.50)</u>
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The accompanying notes to financial statements are an integral part of this statement.

City of Sayre, Oklahoma  
Statement of Revenues, Expenses, and  
Changes in Fiduciary Net Assets  
Sayre Memorial Hospital Authority  
For the year ended June 30, 2013

Revenues:

Sales Tax	\$ 481,463.66
Use Tax	53,612.67
Hospital Payments	486,327.47
Interest	<u>138.61</u>
 Total Revenues	 <u>1,021,542.41</u>

Expenses:

Depreciation Expense	432,883.10
Interest and Bank Fees	<u>761,853.03</u>
 Total Expenses	 <u>1,194,736.13</u>
 Excess of Revenue and Other Sources Under Expenses and Other Uses	  (173,193.72)
 Net Assets-Beginning	  <u>(1,039,412.78)</u>
 Net Assets-Ending	  \$ <u><u>(1,212,606.50)</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF SAYRE, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**1. Organization and Summary of Significant Accounting Policies**

**Introduction**

The incorporated City of Sayre, Oklahoma operates under the Aldermanic form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, utility (water, sanitation and sewer), planning and zoning, library, airport, recreation and general administration.

The City of Sayre (City) complies with Generally Accepted Accounting Principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Numbers 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 20, 1989. The City has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

**A. Financial Reporting Entity**

**Component Units**

The City's general-purpose financial statements include the accounts of all city operations. The criteria for including organizations within the City's reporting entity, as set forth in GASB 14: "The Financial Reporting Entity" is financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

**Blended Component Units**

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component units' funds are blended into those of the City's by appropriate activity type to compose the primary government presentation.

**Public Works Authority (PWA)** - The PWA operates the City's water, sewer and sanitation services to the citizens of Sayre. The City Council serves to the citizens of Sayre. The Council serves as trustees and the City Manager is general manager.

**CITY OF SAYRE, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Organization and Summary of Significant Accounting Policies, (Continued)**

**Blended Component Units, (Continued)**

**Airport Trust Authority** - The Airport Trust Authority operates the Sayre Municipal Airport.

**Industrial Trust Authority** - The Industrial Trust Authority was originally set up to promote the development of industry around Sayre. The City Council also serves as its trustees with the City manager in charge of its daily operations.

**Airport Authority** - The Airport Authority operates the local airport including hangar rentals. The Airport Authority previously had its own board and had been reported as a discretely presented component unit. The City Council now serves as the governing board.

**B. Basis of Presentation**

**Government-wide Financial Statements**

The Statement of Net Position and Statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

**Fund Financial Statements**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b) Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

**CITY OF SAYRE, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Organization and Summary of Significant Accounting Policies, (Continued)**

**Fund Financial Statements, (Continued)**

- c) Other funds that management considers important to readers of the financial statements.

The funds of the financial reporting entity are described below:

**Governmental Funds**

**General Fund** - The General Fund is the general operating fund of the City and is always classified as a major fund. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

**Special Revenue Funds** - The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects), that are legally restricted to expenditures for special purposes.

**Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for the payment of principal, interest and related costs on the general long-term debt of the city other than debt service payments made by enterprise or trust funds.

**Proprietary Funds**

**Enterprise Funds** - Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the Industrial Trust Authority, Public Works Authority and Airport Authority/Trust.

**Fiduciary Funds (Not included in government-wide statements)**

**Trust Funds** - Trust funds report fiduciary resources held in trust and the receipt and disbursements of related monies. The reporting entity includes one trust fund, the Sayre Memorial Hospital Authority Fund.

**Major Funds**

**Governmental Funds** - The governmental fund types of the City that are classified as major funds in the current year financial statements are the General Fund and CDBG Grant Fund.

**Proprietary Funds** - The business-type funds of the City that are classified as major funds in the current year financial statements are the Industrial Authority, Public Works Authority, and Airport Authority.

**CITY OF SAYRE, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Organization and Summary of Significant Accounting Policies, (Continued)**

**C. Fund Balance**

Beginning with fiscal year 2012, the City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

**Nonspendable fund balance** - amounts that are not in spendable form such as inventory and prepaid expenses, or amounts that are required to be maintained intact.

**Restricted fund balance** - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

**Committed fund balance** - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.

**Assigned fund balance** - amounts the City intends to use for a specific purpose. Intent can be expressed by the City or by an official or body to which the City Council delegates the authority.

**Unassigned fund balance** - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. Assigned fund balance is established by the City Council through adoption or amendment of the budget as intended for a specific purpose.

**General Fund**

The General Fund has an unassigned fund balance of \$430,997.28, at June 30, 2013.

**D. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**CITY OF SAYRE, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Organization and Summary of Significant Accounting Policies, (Continued)**

**Measurement Focus**

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources: measurement focus or the “economic resources” measurement focus is used as appropriate:

- a) All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b) The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
- c) Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

**Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest, which are reported when due.



**CITY OF SAYRE, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Organization and Summary of Significant Accounting Policies, (Continued)**

**Basis of Accounting, (Continued)**

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

**E. Assets, Liabilities and Equity**

**Cash and Investments**

For the purposes of the Statement of Net Position, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits of the City with an original maturity of three months or less. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

**Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

**Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Business-type activities report utilities as their major receivable.

**Fixed Assets**

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

**Government-wide Statements**

In the government-wide financial statements, fixed assets are accounted for as capital assets. Prior to July 1, 2004, governmental funds infrastructure assets were not capitalized. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable.

**CITY OF SAYRE, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Organization and Summary of Significant Accounting Policies, (Continued)**

**Assets, Liabilities and Equity, (Continued)**

**Fixed Assets, (Continued)**

**Government-wide Statements, (Continued)**

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and Infrastructure	20-50
Utility System	5-50
Furniture, Fixtures, and Equipment	5-35

**Fund Financial Statements**

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**Long-term Debt**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable, capital leases obligations, and landfill closure and post-closure obligations.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

**CITY OF SAYRE, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Organization and Summary of Significant Accounting Policies, (Continued)**

**Assets, Liabilities and Equity, (Continued)**

**Equity Classifications**

**Government-wide Statements** - Equity is classified as net position and displayed in three components:

- a) "Invested in capital assets, net of related debt" consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) "Restricted net assets" consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) "Unrestricted net assets" all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**Fund Statements** - Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

**2. Stewardship, Compliance and Accountability**

By its nature as a local government unit, the City and its component units are subject to various federal, state, and local laws and contractual regulations.

**A. Budgetary Information**

The city prepares its annual operating budget under the provisions of the Municipal Budget Act. In accordance with those provisions, the following process is used to adopt the annual budget:

- a) Prior to June 1, the Mayor submits to the city council a proposed operating budget for the fiscal year commencing the following July 1.
- b) Public hearings are conducted to obtain citizen comments. At least one public hearing must be held no later than 15 days prior to July 1.
- c) Subsequent to the public hearings, but no later than seven days prior to July 1, the budget is adopted by resolution of the city council.

**CITY OF SAYRE, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Stewardship, Compliance and Accountability, (Continued)**

**Budgetary Information, (Continued)**

- d) The adopted budget is filed with the Office of Oklahoma State Auditor and Inspector.

The legal level of control at which expenditures may not legally exceed appropriations is the object level by department within a fund. The Municipal Budget Act recognizes the following object categories as the minimum legal level of control department within a fund: personal services, materials and supplies, other services and charges, capital outlay, debt service and interfund transfers. All transfers of appropriations between departments and supplemental appropriations require city council approval. The Mayor may transfer appropriations between object categories within a department without city council approval. Supplemental appropriations must also be filed with the Office of State Auditor and Inspector.

**3. Detail Notes on Transaction Classes and Accounts**

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

**A. Deposit and Investments**

The City reporting entity considers all cash in bank checking accounts and certificates of deposit with an original maturity date of three months or less (including restricted assets) to be cash equivalents.

Investments of the City (excluding Public Trusts) are limited by Oklahoma Statute, Title 62, and Section 348.1 to the following:

- a) Direct obligations of the U.S. Government or its agencies or instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged.
- b) Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c) Negotiable certificates of deposits, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations. Any investments in these instruments mentioned in the previous paragraphs a. and b., where the collateral has been deposited with a trustee in an irrevocable trust or escrow account.

**CITY OF SAYRE, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Detail Notes on Transaction Classes and Accounts, (Continued)**

**Deposit and Investments, (Continued)**

- d) County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county municipality or school district.

Public trusts created under O.S. Title 60, are not subject to the above the noted investment limitations and are primarily governed by any restrictions in their trust or bond indentures.

In accordance with Oklahoma Statute, title 62, Section 516.3, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at no more than market value. Acceptable collateral includes certain U.S. Government Agency Securities, certain State of Oklahoma or political subdivision debt obligations or surety bonds. The following is a summary of the City's credit risk on deposits:

**Deposit Categories of Credit Risk**

- (A) Insured or collateralized with securities held by the City or by its agent in the City's name.
- (B) Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- (C) Uncollateralized.

	Category			Bank
	(A)	(B)	(C)	Balance
Cash	\$ 1,706,612.03	\$ 2,819,192.65	\$ 0.00	\$ 4,525,804.68
Investments	36,962.73	167,062.02	0.00	204,024.75
Totals	<u>\$ 1,743,574.76</u>	<u>\$ 2,986,254.67</u>	<u>\$ 0.00</u>	<u>\$ 4,729,829.43</u>

**B. Restricted Cash and Investments**

Restricted Cash and Cash Equivalents include accounts that are restricted for payment of associated debt, loan covenants, and capital projects. The amounts in the restricted accounts as of June 30, 2013, totaled \$16,791.16.

**CITY OF SAYRE, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**Detail Notes on Transaction Classes and Accounts, (Continued)**

**C. Notes Receivable**

The Sayre Public Works entered into a note receivable with the Elk City Public Works Authority for a percentage of Oklahoma Department of Commerce loan funds. The funds were obtained for landfill improvements. The note is non-interest bearing and has a final maturity date of June 28, 2019. The monthly payments on this note are \$520.84

\$ 36,978.00

Total Notes Receivable

\$ 36,978.00

**Interfund notes receivable and notes payables**

Sayre Industrial Authority loaned \$175,000 to Sayre Airport Authority Trust at an interest rate of 3.25% payable in monthly installments of \$760.

\$ 174,141.88

**D. Property and Equipment**

Capital asset activity for the year ended June 30, 2013, was as follows:

<b>Governmental Activities:</b>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
Other Capital Assets	\$ 4,513,273.00	\$ 163,175.08	\$ 22,765.00	\$ 0.00	\$ 4,653,683.08
Less: Accumulated Depreciation	<u>1,930,505.00</u>	<u>209,442.63</u>	<u>20,767.50</u>	<u>0.00</u>	<u>2,119,180.13</u>
Other Capital Assets, Net of Depreciation	2,582,768.00	(46,267.55)	1,997.50	0.00	2,534,502.95
Land	371,651.00	0.00	0.00	0.00	371,651.00
Construction in Progress	<u>0.00</u>	<u>239,253.28</u>	<u>0.00</u>	<u>0.00</u>	<u>239,253.28</u>
Total Capital Assets at Net	\$ <u>2,954,419.00</u>	\$ <u>192,985.73</u>	\$ <u>1,997.50</u>	\$ <u>0.00</u>	\$ <u>3,145,407.23</u>
<b>Business-Type Activities:</b>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
Other Capital Assets	\$ 10,566,449.80	\$ 1,637,933.13	\$ 0.00	\$ 165,113.99	\$ 12,369,496.92
Less: Accumulated Depreciation	<u>3,613,843.00</u>	<u>486,943.91</u>	<u>0.00</u>	<u>0.00</u>	<u>4,100,786.91</u>
Other Capital Assets, Net of Depreciation	6,952,606.80	1,150,989.22	0.00	165,113.99	8,268,710.01
Land	550,210.00	0.00	0.00	237,295.25	787,505.25
Construction in Progress	<u>842,885.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(402,409.24)</u>	<u>440,475.76</u>
Total Capital Assets at Net	\$ <u>8,345,701.80</u>	\$ <u>1,150,989.22</u>	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>9,496,691.02</u>

**CITY OF SAYRE, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Detail Notes on Transaction Classes and Accounts, (Continued)**

**Depreciation Expense** - Depreciation Expense was charged to the functions of the primary government as follows:

**Governmental Activities:**

General Government	\$ 93,072.65
Public Safety	81,351.92
Culture and Recreation	34,723.08
Sanitation, Utilities & Other Services	<u>294.98</u>

Total \$ 209,442.63

***Business-Type Activities:***

Industrial	\$ 132,886.13
Water Utilities	298,882.18
Airport	55,175.60
	<u>-</u>

Total \$ 486,943.91

**E. Accounts Payable**

Accounts payable are composed of payables to vendors and accrued salaries and benefits.

**F. Long-Term Debt**

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

**Business-Type Activities**

As of June 30, 2013, the long-term debt payable from proprietary fund resources consisted of the following:

**Notes Payable**

**Public Works Authority**

**Department of Commerce**

The Sayre Public Works Authority entered into a loan with the Oklahoma Department of Commerce. The funds were obtained for landfill improvements. The loan is non-interest bearing and has a final maturity date of November 1, 2020. Principal payments of \$1,041.67 are due each month.

\$ 92,735.02

The Sayre Public Works Authority entered into another loan with the Oklahoma Department of Commerce. The funds were obtained for water system improvements. The loan is non-interest bearing and has a final maturity date of November 1, 2024. Principal payments of \$656.25 are due each month. The authority's water and sewer revenue serve as collateral on this loan.

89,250.00

**CITY OF SAYRE, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Detail Notes on Transaction Classes and Accounts, (Continued)**

**Long-Term Debt, (Continued)**

**Business-Type Activities, (Continued)**

**Notes Payable, (Continued)**

**Public Works Authority, (Continued)**

**Landfill Closure and Post-Closure Care Cost**

State and federal laws and regulations require the City of Sayre to place a final cover on landfill sites when it stops accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty years after closure on the current landfill. Although closure and post-closure care costs will be paid only near or after the date the landfill stops accepting waste, the City is required to accrue a liability based on landfill capacity used as of June 30, 2013. The landfill, which is currently in use, was estimated to have used 62.74% of its capacity as of June 30, 2013. Engineering reports estimate the life of the landfill, and the total closure and post-closure costs of the cell currently being used to be \$2,092,221. 62.74% of that amount, or \$1,314,816 should be recorded as a liability in long-term debt. These amounts are only estimates based on current circumstances and may change due to inflation, changes in technology, or changes in regulations. Since, the City already has \$1,750,152 for this liability recorded in long-term debt, and the amount is only an estimate, the City did not adjust this account balance down to the engineer's estimate of \$1,314,816. The city is a member of the Association for Landfill Assurance (AFLA) that complies with financial assurance requirements.

\$1,750,152.00



**CITY OF SAYRE, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Long-Term Debt, (Continued)**

**Business-Type Activities, (Continued)**

**Notes Payable, (Continued)**

**Sayre Industrial Authority**

**1<sup>st</sup> National Bank**

The Sayre Industrial Authority entered into a loan agreement with the First National Bank & Trust of Elk City for construction of the Beckham County Health Department Building. The building is leased to the Oklahoma Department of Health annually for the amount of the loan payments. The loan has a fixed interest rate of 4.45% and requires monthly payments of principal and interest of \$3,333.34. The loan matures on March 10, 2032, at which time the city will transfer title of the building to the Oklahoma Department of Health.

\$ 504,158.24

Total Notes Payable

\$ 2,436,295.26

The total notes payable are classified in the current year financial statements as follows:

Current Portion of Long-Term Debt  
Long-Term Portion of Debt

\$ 38,302.82  
2,397,992.44

Total Notes Payable

\$ 2,436,295.26

**Noncommitment Debt**

**Sayre Memorial Hospital Authority**

**UMB**

The Sayre Memorial Hospital Authority entered into a bond agreement with UMB in the amount of \$14,000,000 to finance the construction of a hospital. This loan is secured with a 1% sales tax on the gross receipts derived from all sales within the City approved by the citizens of Sayre during the year ended June 30, 2008. The bond bears interest at 5.35% on the first \$2,240,000 and 6.00% on the remaining \$11,760,000 and is payable in annual installments ranging from \$200,000-\$965,000 plus accrued interest each year until the bond matures during 2037.

\$13,135,000.00

**CITY OF SAYRE, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**Detail Notes on Transaction Classes and Accounts, (Continued)**

**Long-Term Debt, (Continued)**

**Changes in Long-Term Debt**

Below is a summary of the changes in long-term debt for the year ended June 30, 2013:

<u>Business-Type Activities:</u>	<u>Balance 6-30-12</u>	<u>Advances</u>	<u>Repayments</u>	<u>Balance 6-30-13</u>	<u>Balance Due Within One Year</u>
Department of Commerce	\$ 105,235.06	\$ 0.00	\$ 12,500.04	\$ 92,735.02	\$ 12,500.04
Department of Commerce	97,125.00	0.00	7,875.00	89,250.00	7,875.00
Landfill Obligation	1,750,152.00	0.00	0.00	1,750,152.00	0.00
First National Bank & Trust	520,913.00	0.00	16,754.76	504,158.24	17,927.78
	<u>\$ 2,473,425.06</u>	<u>\$ 0.00</u>	<u>\$ 37,129.80</u>	<u>\$ 2,436,295.26</u>	<u>\$ 38,302.82</u>

**Annual Debt Service**

The annual debt service requirements to maturity, including principal and interest, for long-term debt, excluding non-commitment debt, as of June 30, 2013, is as follows:

**Business-Type Activities Notes Payable**

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 38,302.82	\$ 22,072.30	\$ 60,375.12
2015	39,117.07	21,258.05	60,375.12
2016	39,968.31	20,406.81	60,375.12
2017	40,858.21	19,516.91	60,375.12
2018	41,788.53	18,586.59	60,375.12
Thereafter	<u>2,236,260.32</u>	<u>135,119.68</u>	<u>2,371,380.00</u>
Totals	<u>\$ 2,436,295.26</u>	<u>\$ 236,960.34</u>	<u>\$ 2,673,255.60</u>

Interest expense charged as a direct program expense in the statement of changes in net assets was as follows:

Sayre Industrial Authority      \$ 23,244.87

**CITY OF SAYRE, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**Detail Notes on Transaction Classes and Accounts, (Continued)**

**G. Risk Management**

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, employees' health and life, and natural disasters. The City manages these various risks of loss through the purchase of commercial insurance. The City purchases commercial insurance to satisfy liabilities under Worker's Compensation claims, property damage, and liability claims up to the limits set by the Oklahoma Governmental Tort Claim Act. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

**4. Other Notes**

**Contingencies**

**Federal Grants** - In the normal course of operations, the City receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

**Landfill Closure and Post Closure Care Cost** - See note 3(F).

**Retirement Plans**

The City's police officers and firefighters participate in the Oklahoma State Police Pension and Retirement System and the Fireman's Pension and Retirement System respectively. The systems are funded by contributions from employers, employees, and the state.

The City sponsors a deferred compensation plan for eligible employees. Employees may designate a certain portion of their salary to be deferred under Internal Revenue Code Section 457. The City also contributes amounts to this plan for each eligible employee.

**Subsequent Events**

Management has evaluated subsequent events through December 10, 2013, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.

City of Sayre, Oklahoma  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (GAAP Budgetary Basis)  
General Fund  
For the Year Ended June 30, 2013

Revenues	Budgeted Amounts		Actual Amounts	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Sales Tax	\$ 1,180,000.00	\$ 1,180,000.00	\$ 1,445,464.01	\$ 265,464.01
Franchise Tax	110,000.00	110,000.00	103,210.72	(6,789.28)
Alcoholic Beverage Tax	0.00	0.00	28,302.33	28,302.33
Use Tax	100,000.00	100,000.00	164,332.63	64,332.63
Cigar Tax	20,000.00	20,000.00	24,894.02	4,894.02
Fuel Tax	0.00	0.00	0.00	0.00
Grant Revenue	54,000.00	126,160.00	96,473.66	(29,686.34)
Donations	0.00	0.00	500.00	500.00
Licenses, Fees & Permits	15,000.00	15,000.00	23,527.03	8,527.03
Park Revenue	0.00	0.00	9,631.68	9,631.68
Cemetery Revenues	6,000.00	6,000.00	8,770.00	2,770.00
Disposal and Service Revenue	0.00	0.00	0.00	0.00
Library Fines	3,500.00	13,774.00	13,698.00	(76.00)
Police Fines & Court Fees	40,000.00	40,000.00	54,352.83	14,352.83
Sales of Assets	0.00	0.00	0.00	0.00
Refunds and Reimbursements	0.00	0.00	0.00	0.00
Rentals	28,500.00	28,500.00	21,758.31	(6,741.69)
Interest Income	2,200.00	2,200.00	1,275.94	(924.06)
Hotel/Motel Tax	0.00	0.00	65,500.00	65,500.00
Animal Control Fees	1,500.00	1,500.00	542.00	(958.00)
Community Center Fees	2,400.00	2,400.00	2,400.00	0.00
Miscellaneous Sales and Service	0.00	0.00	13,144.06	13,144.06
Total Revenues	1,563,100.00	1,645,534.00	2,077,777.22	432,243.22
<u>Expenditures</u>				
City Administration:				
Personal Services	215,000.00	218,200.00	206,481.01	11,718.99
Maintenance & Operations	23,000.00	23,800.00	13,947.32	9,852.68
Capital Outlay	5,000.00	1,000.00	0.00	1,000.00
	243,000.00	243,000.00	220,428.33	22,571.67
City Attorney				
Personal Services	0.00	0.00	0.00	0.00
Maintenance & Operations	16,000.00	16,000.00	14,741.25	1,258.75
Capital Outlay	0.00	0.00	0.00	0.00
	16,000.00	16,000.00	14,741.25	1,258.75
City Judge				
Maintenance & Operations	6,500.00	6,500.00	6,000.00	500.00
	6,500.00	6,500.00	6,000.00	500.00

City of Sayre, Oklahoma  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (GAAP Budgetary Basis)  
General Fund  
For the Year Ended June 30, 2013

Expenditures, (Continued)	Budgeted Amounts		Actual Amounts	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Police Department				
Personal Services	\$ 650,000.00	\$ 650,000.00	\$ 576,308.05	\$ 73,691.95
Maintenance & Operations	72,000.00	72,000.00	65,016.90	6,983.10
Capital Outlay	40,000.00	40,000.00	26,503.68	13,496.32
	<u>762,000.00</u>	<u>762,000.00</u>	<u>667,828.63</u>	<u>94,171.37</u>
Fire Department				
Personal Services	85,000.00	85,000.00	76,063.68	8,936.32
Maintenance & Operations	42,000.00	48,000.00	40,043.90	7,956.10
Capital Outlay	20,000.00	14,000.00	5,882.54	8,117.46
	<u>147,000.00</u>	<u>147,000.00</u>	<u>121,990.12</u>	<u>25,009.88</u>
City Inspector				
Personal Services	50,000.00	55,000.00	53,888.79	1,111.21
Maintenance & Operations	13,500.00	15,500.00	9,448.27	6,051.73
Capital Outlay	27,000.00	20,000.00	0.00	20,000.00
	<u>90,500.00</u>	<u>90,500.00</u>	<u>63,337.06</u>	<u>27,162.94</u>
Animal Control Officer				
Personal Services	30,000.00	30,000.00	29,727.21	272.79
Maintenance & Operations	10,500.00	12,500.00	8,068.81	4,431.19
Capital Outlay	25,000.00	33,000.00	29,017.96	3,982.04
	<u>65,500.00</u>	<u>75,500.00</u>	<u>66,813.98</u>	<u>8,686.02</u>
Development Coordinator				
Personal Services	0.00	0.00	0.00	0.00
Maintenance & Operations	0.00	0.00	0.00	0.00
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Street				
Personal Services	95,000.00	95,000.00	84,738.14	10,261.86
Maintenance & Operations	172,000.00	172,000.00	116,969.57	55,030.43
Capital Outlay	125,000.00	125,000.00	38,493.67	86,506.33
	<u>392,000.00</u>	<u>392,000.00</u>	<u>240,201.38</u>	<u>151,798.62</u>
Park				
Personal Services	75,000.00	66,000.00	65,943.45	56.55
Maintenance & Operations	46,000.00	60,000.00	47,716.45	12,283.55
Capital Outlay	60,000.00	60,000.00	59,957.94	42.06
	<u>181,000.00</u>	<u>186,000.00</u>	<u>173,617.84</u>	<u>12,382.16</u>
Golf Course				
Maintenance & Operations	30,000.00	30,000.00	30,208.68	(208.68)
	<u>30,000.00</u>	<u>30,000.00</u>	<u>30,208.68</u>	<u>(208.68)</u>

City of Sayre, Oklahoma  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (GAAP Budgetary Basis)  
General Fund  
For the Year Ended June 30, 2013

<u>Expenditures, (Continued)</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Library:				
Personal Services	\$ 40,000.00	\$ 38,500.00	\$ 35,510.32	\$ 2,989.68
Maintenance & Operations	27,000.00	37,274.00	33,559.75	3,714.25
Capital Outlay	2,000.00	3,500.00	3,319.29	180.71
	<u>69,000.00</u>	<u>79,274.00</u>	<u>72,389.36</u>	<u>6,884.64</u>
Department of Corrections				
Maintenance & Operations	6,500.00	6,500.00	6,182.18	317.82
	<u>6,500.00</u>	<u>6,500.00</u>	<u>6,182.18</u>	<u>317.82</u>
Senior Citizens				
Maintenance & Operations	11,200.00	11,200.00	6,132.56	5,067.44
	<u>11,200.00</u>	<u>11,200.00</u>	<u>6,132.56</u>	<u>5,067.44</u>
Cemetery				
Maintenance & Operations	4,000.00	4,000.00	2,185.64	1,814.36
	<u>4,000.00</u>	<u>4,000.00</u>	<u>2,185.64</u>	<u>1,814.36</u>
Museum				
Maintenance & Operations	26,500.00	26,500.00	3,000.00	23,500.00
	<u>26,500.00</u>	<u>26,500.00</u>	<u>3,000.00</u>	<u>23,500.00</u>
General Government				
Personal Services	68,500.00	68,500.00	67,368.56	1,131.44
Maintenance & Operations	19,000.00	81,000.00	71,501.17	9,498.83
Capital Outlay	144,320.00	67,320.00	0.00	67,320.00
	<u>231,820.00</u>	<u>216,820.00</u>	<u>138,869.73</u>	<u>77,950.27</u>
Total Expenditures	<u>2,282,520.00</u>	<u>2,292,794.00</u>	<u>1,833,926.74</u>	<u>458,867.26</u>
Excess Revenues Over (Under)				
Expenditures	<u>(719,420.00)</u>	<u>(647,260.00)</u>	<u>243,850.48</u>	<u>891,110.48</u>
<u>Other Financing Sources (Uses)</u>				
Net Transfers In (Out)	<u>575,100.00</u>	<u>647,260.00</u>	<u>0.00</u>	<u>(647,260.00)</u>
Excess of Revenues and Other Sources over Expenditures and Other Uses	(144,320.00)	0.00	243,850.48	243,850.48
Fund Balance, Beginning	<u>187,146.80</u>	<u>187,146.80</u>	<u>187,146.80</u>	<u>0.00</u>
Fund Balance, Ending	<u>\$ 42,826.80</u>	<u>\$ 187,146.80</u>	<u>\$ 430,997.28</u>	<u>\$ 243,850.48</u>

City of Sayre, Oklahoma  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2013

ASSETS	Street and Alley	Sinking Fund	Special Revenue				Total Nonmajor Governmental Funds
			911 Fund	Cemetery Fund	Payroll Fund	Health Reimbursement	
Cash and Cash Equivalents	\$ 67,860.95	\$ 319.02	\$ 172,341.65	\$ 15,889.49	\$ 4,873.68	\$ 11,607.50	\$ 272,892.29
Certificates of Deposit	0.00	0.00	0.00	6,300.00	0.00	0.00	6,300.00
Accounts Receivable, Net	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due from Other Funds	2,539.48	0.00	0.00	0.00	0.00	0.00	2,539.48
Due from Other Governments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Assets:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Land and Construction in Progress	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Capital Assets, Net of Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Assets	\$ 70,400.43	\$ 319.02	\$ 172,341.65	\$ 22,189.49	\$ 4,873.68	\$ 11,607.50	\$ 281,731.77
<u>LIABILITIES AND FUND BALANCES</u>							
LIABILITIES:							
Accounts Payable	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 2,656.39	\$ 2,656.39
	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Liabilities	0.00	0.00	0.00	0.00	0.00	2,656.39	2,656.39
FUND BALANCES:							
Nonspendable:							
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Restricted for:							
Street and Alley	70,400.43	0.00	0.00	0.00	0.00	0.00	70,400.43
Debt Service	0.00	319.02	0.00	0.00	0.00	0.00	319.02
911 Program	0.00	0.00	172,341.65	0.00	0.00	0.00	172,341.65
Cemetery	0.00	0.00	0.00	22,189.49	0.00	0.00	22,189.49
Grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Assigned to:							
Payroll Costs	0.00	0.00	0.00	0.00	4,873.68	0.00	4,873.68
Employee Health Costs	0.00	0.00	0.00	0.00	0.00	8,951.11	8,951.11
Total Fund Balances	70,400.43	319.02	172,341.65	22,189.49	4,873.68	8,951.11	279,075.38
Total Liabilities and Fund Balances	\$ 70,400.43	\$ 319.02	\$ 172,341.65	\$ 22,189.49	\$ 4,873.68	\$ 11,607.50	\$ 281,731.77

City of Sayre, Oklahoma  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the year ended June 30, 2013

	Street and Alley	Sinking Fund	911 Fund	Special Revenue Cemetery Fund	Payroll Fund	Health Reimbursement	Total Nonmajor Governmental Funds
<b>REVENUES:</b>							
Sales Tax	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	0.00
Use Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fuel Tax	39,137.24	0.00	0.00	0.00	0.00	0.00	39,137.24
Grant Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Donations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
License, Fees & Permits	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cemetery Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sales of Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Refunds and Reimbursements	0.00	0.00	26,460.00	0.00	0.00	28,800.00	55,260.00
Interest Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Miscellaneous Sales and Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Operating Revenues</b>	<b>39,137.24</b>	<b>0.00</b>	<b>26,460.00</b>	<b>0.00</b>	<b>0.00</b>	<b>28,800.00</b>	<b>94,397.24</b>
<b>EXPENDITURES:</b>							
Personal Service:							
City Administration	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Police	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fire	0.00	0.00	0.00	0.00	0.00	0.00	0.00
City Inspector	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Animal Control	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Street	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Park	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Library	0.00	0.00	0.00	0.00	0.00	0.00	0.00
General Government	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maintenance and Operations:							
City Administration	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Police	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fire	0.00	0.00	0.00	0.00	0.00	0.00	0.00
City Inspector	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Animal Control	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Street	37,186.35	0.00	0.00	0.00	0.00	0.00	37,186.35
Park	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Library	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Senior Citizens	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cemetery	0.00	0.00	0.00	0.00	0.00	0.00	0.00
General Government	0.00	0.00	0.00	0.00	0.00	46,144.25	46,144.25
Capital Outlay	0.00	0.00	0.00	0.00	0.00	0.00	0.00
General Government	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Expenditures</b>	<b>37,186.35</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>46,144.25</b>	<b>83,330.60</b>
<b>Excess Revenue Over (Under)</b>	<b>1,950.89</b>	<b>0.00</b>	<b>26,460.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(17,344.25)</b>	<b>11,066.64</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Operating Transfers in	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Transfers Out	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Reduction of Long-Term Debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net Other Financing Sources (Uses)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Excess of Revenues and Other Sources over</b>	<b>1,950.89</b>	<b>0.00</b>	<b>26,460.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(17,344.25)</b>	<b>11,066.64</b>
<b>Expenditures and Other Uses</b>	<b>68,449.54</b>	<b>319.02</b>	<b>145,891.65</b>	<b>22,189.49</b>	<b>4,873.68</b>	<b>26,295.36</b>	<b>268,008.74</b>
<b>Fund Balance, Beginning of Year</b>	<b>\$ 70,400.43</b>	<b>\$ 319.02</b>	<b>\$ 172,341.65</b>	<b>\$ 22,189.49</b>	<b>\$ 4,873.68</b>	<b>\$ 8,951.11</b>	<b>\$ 279,075.38</b>
<b>Fund Balance, End of Year</b>							



City of Sayre, Oklahoma  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2013

<u>Fund/Program Title</u>	<u>CFDA Number</u>	<u>Identifying Number</u>	<u>Federal Grant Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Oklahoma Department of Commerce:			
Community Development Block Grant (CDBG)	14.255	14041 SCDBG 09	\$ 388,725.50
Investments for Public Works and Economic Development Facilities	11.300	08-01-04773	239,253.00
<u>Department of Transportation-Federal Aviation Administration</u>			
Airport Improvement Program	20.106	3-40-0086-005-2011	14,382.00
Airport Improvement Program	20.106	3-40-0086-006-2012	<u>461,662.00</u>
Grand Total Federal Assistance			\$ <u><u>1,104,022.50</u></u>

Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards shown above includes the federal grant activity of the City of Sayre, Oklahoma and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



**BRITTON, KUYKENDALL, & MILLER**

**CERTIFIED PUBLIC ACCOUNTANTS**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and City Council  
City of Sayre, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Sayre, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City of Sayre, Oklahoma's basic financial statements, and have issued our report thereon dated December 10, 2013.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered City of Sayre, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether City of Sayre, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* in the United States of America.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BRITTON, KUYKENDALL AND MILLER  
Certified Public Accountants

Weatherford, Oklahoma  
December 10, 2013



**BRITTON, KUYKENDALL, & MILLER**  
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133

The Honorable Mayor and City Council  
City of Sayre, Oklahoma

***Report on Compliance for Each Major Federal Program***

We have audited City of Sayre, Oklahoma's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of City of Sayre, Oklahoma's major federal programs for the year ended June 30, 2013. City of Sayre, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of City of Sayre, Oklahoma's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Sayre, Oklahoma's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Sayre, Oklahoma's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, City of Sayre, Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### ***Report on Internal Control over Compliance***

Management of City of Sayre, Oklahoma, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Sayre, Oklahoma's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



BRITTON, KUYKENDALL AND MILLER  
Certified Public Accountants

Weatherford, Oklahoma  
December 10, 2013

**CITY OF SAYRE, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**SUMMARY OF AUDITOR'S RESULTS**

TYPE OF REPORT ISSUED ON THE FINANCIAL STATEMENTS:	Unqualified Opinion
MATERIAL WEAKNESSES IDENTIFIED IN INTERNAL CONTROL OVER FINANCIAL REPORTING:	No
SIGNIFICANT DEFICIENCIES IDENTIFIED IN INTERNAL CONTROL OVER FINANCIAL REPORTING THAT ARE NOT CONSIDERED TO BE MATERIAL WEAKNESSES:	No
DISCLOSURES OF NONCOMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS:	(None Reported)
MATERIAL WEAKNESSES IDENTIFIED IN INTERNAL CONTROL OVER MAJOR FEDERAL AWARD PROGRAMS:	No
SIGNIFICANT DEFICIENCIES IDENTIFIED IN INTERNAL CONTROL OVER MAJOR FEDERAL AWARD PROGRAMS THAT ARE NOT CONSIDERED TO BE MATERIAL WEAKNESSES:	No
TYPE OF REPORT ISSUED ON COMPLIANCE FOR MAJOR PROGRAMS:	Unqualified Opinion
AUDIT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH SECTION 510(A) OF OMB CIRCULAR A-133:	No
MAJOR PROGRAMS:	11.300 Investments for Public Works and Economic Development Facilities 20.106 Airport Improvement Program
DOLLAR THRESHOLD USED TO DISTINGUISH BETWEEN TYPE A AND B PROGRAMS:	\$300,000
QUALIFIED LOW-RISK AUDITEE:	No
FINDINGS & QUESTIONED COSTS FOR FEDERAL AWARDS	(None Reported)